

VZCZCXRO2537
PP RUEHFK RUEHKSO RUEHNAG RUEHNH
DE RUEHKO #5286/01 2570224
ZNR UUUUU ZZH
P 140224Z SEP 06
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 6364
INFO RUEKJCS/SECDEF WASHDC PRIORITY
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY
RUEAWJA/USDOJ WASHDC PRIORITY
RULSDMK/USDOT WASHDC PRIORITY
RUCPDOG/USDOC WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RUEKJCS/JOINT STAFF WASHDC//J5//
RHHMUNA/HQ USPACOM HONOLULU HI
RHHMHBA/COMPACFLT PEARL HARBOR HI
RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA//
RHMFIUU/COMUSJAPAN YOKOTA AB JA//J5/JO21//
RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA
RUAYJAA/COMPATWING ONE KAMI SEYA JA
RUEHNH/AMCONSUL NAHA 0605
RUEHFK/AMCONSUL FUKUOKA 8049
RUEHOK/AMCONSUL OSAKA KOBE 1395
RUEHNAG/AMCONSUL NAGOYA 7820
RUEHKSO/AMCONSUL SAPPORO 9143
RUEHBJ/AMEMBASSY BEIJING 4160
RUEHUL/AMEMBASSY SEOUL 0294
RUCNDT/USMISSION USUN NEW YORK 1934

UNCLAS SECTION 01 OF 09 TOKYO 005286

SIPDIS

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION;
TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE;
SECDEF FOR JCS-J-5/JAPAN,
DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA
FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR;
CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 09/14/06

Index:

- 1) Top headlines
 - 2) Editorials
 - 3) Prime Minister's daily schedule
 - 4) Japan, Iran to continue talks on Azadegan oil field project beyond Sept. 15 deadline
 - 5) Japan, China vice minister talks in late Sept. aim at clearing the way for the new prime minister to visit China
 - 6) Japan, South Korea to restart FTA negotiations next year, says ROK deputy premier
 - 7) Poll: Support rate for Shinzo Abe as choice prime ministerial candidate has leveled off, as rates for other candidates rise
 - 8) Coordination going on to select Hidenao Nakagawa as next LDP secretary general
- SIPDIS
- 9) SDP head Fukushima calls expected Abe government a "postwar-denying cabinet"
 - 10) New Komeito action plan will seek to constrain new premier on visiting Yasukuni Shrine, avoid mention of use of collective

self-defense

11) Agreement between LDP, New Komeito to continue ruling coalition not likely to refer to constitutional revision

12) Minshuto President Ozawa in interview says that amending the Constitution will not be possible for some time

13) Abe if elected plans "second-chance" bill for next regular Diet session that would help job searches, start-up companies

14) Internal Affairs and Communications Ministry to launch program allowing IT-related employees to work at home

Articles:

1) TOP HEADLINES

Asahi:

Divided Japan (Part 1): Koizumi reform causes "sense of being scattered apart"

Mainichi:

Insurance money paid to five major consumer loan firms, with causes in more than half of deaths unknown in FY2005

Yomiuri:

Assaults on teachers at elementary schools increase 38 PERCENT in FY2005

Nihon Keizai:

Deficits in fixed-phone services in remote areas to be covered by users of all types of phone services

Sankei:

Ban on power line communications to be removed

TOKYO 00005286 002 OF 009

Tokyo Shimbun:

Abe willing to submit bill to promote second-chance program to regular Diet session

Akahata:

Study of businesses created through deregulation (Part 1): Medical and nursing services

2) EDITORIALS

Asahi:

(1)Politicians must speak of their historical views

(2)Fines for bid-rigging imposed to prevent illegalities

Mainichi:

(1)Restrictions on materials might reflect libraries' overreaction

(2)LDP presidential election: Measures for sustainable social security should be presented

Yomiuri:

(1)Consumer loan firms: Contracts with life as security outrageous

(2)Survey in seven Asian countries: Expectations of Japan growing in Asia

Nihon Keizai:

(1)2006 LDP presidential election: Swiftly normalize economic and fiscal conditions by accelerating reform

Sankei:

(1)Candidates for LDP presidency must openly discuss tax hikes

(2)Restrictions on materials at libraries might lead to censorship

Tokyo Shimbun:

(1)Government tax panel's deferment of submission of interim report tantamount dereliction of duty

(2)Special interest rates: Who will be saved?

Akahata:

(1)Society must eliminate drunk driving

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, September 13

NIHON KEIZAI (Page 2) (Full)
September 14, 2006

10:35:

Met Kanagawa Central Union of Agricultural Cooperatives Chairman Okawa and others at Kantei.

14:20:

Held a commemorative photo shoot with supporters from his hometown. Later, met Agriculture Minister Nakagawa and others.

18:45:

Dined with the staff for his office at the eel restaurant, Nodaiwa, at Higashi Azabu.

20:41:

Returned to his residence.

4) Japan, Iran to continue talks on development of Azadegan oil field even after Sept. 15 time limit

TOKYO 00005286 003 OF 009

YOMIURI (Page 1) (Full)
September 14, 2006

The prospect now seems certain that Japan and Iran will continue talks on the development of Iran's Azadegan oil field, in which Japan has a 75 percent stake, even after the Sept. 15 deadline. Economy, Trade and Industry Minister Toshihiro Nikai and Iranian Petroleum Minister Kazem Vaziri-Hamaneh during interviews with the Yomiuri Shimbun indicated their intention to continue the negotiations. However, amid growing international criticism of Iran over its nuclear program issue, it appears that reaching an agreement at an early date will be difficult.

Azadegan is one of the largest oil fields in the Middle East with estimated reserves of 26 billion barrels. The two countries agreed that INPEX, Japan's oil development company, would be given a 75 percent stake in the project. Azadegan is characterized as a trump card for Japan in obtaining a stable oil supply.

INPEX is now pursuing talks with Iran's state-run company to begin developing the Azadegan oil field. However, talks have become protracted, following the US' call on Japan to halt its efforts due to Iran's nuclear issue. The Iranian side warned Japan that unless an agreement is reached by Sept. 15 as stipulated in the contract, it would switch negotiations to China or Russia.

Petroleum Minister Vaziri-Hamaneh, now in Vienna, stated: "We want to bring a successful end to our talks with Japan. We will continue talking." He took a positive stance toward reaching agreement, commenting: "The talks are going in a favorable direction. A settlement will be reached." Nikai also said on the 13th, "We will deal with the matter from an overall perspective in hopes of reaching an amicable agreement."

5) Japan, China to hold vice ministerial dialogue later this month in bid to set stage for new prime minister to travel to China; Bilateral summit may occur next month

NIHON KEIZAI (Page 2) (Excerpts)
September 14, 2006

The Japanese and Chinese governments have begun moving to arrange both sides' schedules for the new prime minister to visit China after launching his administration as early as Sept. 26 after Prime Minister Koizumi steps down. Japan aims to hold a summit with Chinese President Hu Jintao as early as October. If Chief Cabinet Secretary Shinzo Abe, the leading candidate for the Liberal

SIPDIS

Democratic Party (LDP) presidency, assumes the post of prime minister, he has indicated that he will not state whether he will

visit Yasukuni Shrine. By avoiding that question for the time being, Japan wants to resume top-level exchanges.

As part of the efforts to set the stage for the new prime minister to visit China, the two governments will hold a comprehensive policy dialogue of vice foreign ministers in Tokyo. Both sides are arranging their schedules to get this dialogue to occur on Sept. 22-23 immediately after the presidential election. Senior Vice Foreign Minister Yasuhisa Shiozaki already visited China on Sept. 9-10 and held informal talks with Chinese Communist Party officials. He apparently exchanged views with them on a visit to China by the new prime minister.

TOKYO 00005286 004 OF 009

Reportedly, China has been positive about the plan, and a mid-level lawmaker close to Abe commented: "It depends on how China responds, but chances are strong that Abe will choose China as the first country for him to visit as prime minister."

6) FTA with South Korea: South Korean Vice Prime Minister expresses desire to resume talks next year

NIHON KEIZAI (Page 1) (Full)
September 14, 2006

Commenting on a free trade agreement between Japan and South Korea, Deputy Prime Minister and Finance and Economy Minister Kwon O-kyu, who is in charge of the South Korean government's economic policy, during an interview with the Nihon Keizai Shimbun noted, "We want to resume talks with Japan's next administration within the next year." Regarding his government's policy toward North Korea, he pointed out, "The basic principle is to promote economic cooperation for the sake of security on the Korean Peninsula." He then indicated a stance of restarting economic assistance to that nation if it presents a positive sign, such as returning to the six-party talks.

South Korea is now pursuing FTA talks with the US. It will also enter into negotiations with the EU, possibly in October. It is thus set to shortly launch industry-academic-government studies on FTA talks with China, as Kwon put it. He also predicted that the two countries would reach an agreement to start FTA talks during a China-ROK summit to be held on the sidelines of the Asia-Pacific Economic Cooperation forum meeting to be held in Vietnam in November.

Working-level FTA talks between Japan and South Korea have been on the backburner since Nov. 2004. Deputy Prime Minister Kwon noted, "Since Japan and South Korea are mutually important partners in all spheres, including trade and investment, I hope talks with the new administration of Japan will be resumed at an early date." At the same time, he stated, "An FTA between Japan and South Korea must be put on a high level." He indicated his government's intention to firmly maintain its liberalization condition that 90 percent of agricultural products should be liberalized. Japan is reluctant to open its market to this extent.

7) Poll on LDP presidential election: Support rate for Abe reaches plateau

TOKYO SHIMBUN (Page 1) (Full)
September 14, 2006

The Tokyo Shimbun yesterday tallied the results of a survey of its political monitors on the Internet. In response to the question of who will be desirable for the president of the Liberal Democratic Party (LDP), the poll showed that Chief Cabinet Secretary Shinzo Abe was picked by 45.7 percent of the respondents and ranked at the top, but his support rate slightly dropped from the level in the previous survey. Although Abe is certain to win a victory in the Sept. 20 presidential race, his popularity seems to be reaching a plateau, compared to the 2001 presidential race in which thanks to what was called the "Koizumi fever," the support rate for Junichiro Koizumi continued to soar until election day.

The survey, conducted among 500 monitors chosen by this newspaper,

was carried out Sept. 8-11 on the Internet. Of the monitors, 407 or
TOKYO 00005286 005 OF 009

81.4 percent answered the questions. The survey this time was the fourth one of this kind.

The support rate for Abe dropped by 1.6 points from the 47.3 percent level it was at in the previous survey. Abe's support rate has declined in two consecutive polls after peaking at 51.5 percent in the second survey at the end of July, when former Chief Cabinet Secretary Yasuo Fukuda declared he would not run in the LDP race.

SIPDIS

Finance Minister Sadakazu Tanigaki came next after Abe with a support rate of 24.3 PERCENT (24.5 percent in the previous survey) and Foreign Minister Taro Aso was third, supported by 13.5 PERCENT (10.3 percent in the previous survey).

But looking at supporters of the LDP, 73.0 percent of them favored Abe, 17.1 percent picked Aso, and 6.3 percent backed Tanigaki. Abe is certain to win an overwhelming victory.

By gender, 58.1 percent of Abe supporters were women, while 65.5 percent of supporters for Aso were men, revealing a clear gender gap between the two candidates. In the case of Tanigaki, he was supported almost equally by men and women.

8) Coordination underway in LDP to name Nakagawa secretary general

MAINICHI (Page 1) (Full)
September 14, 2006

Chief Cabinet Secretary Shinzo Abe, who is now viewed as certain to become the next Liberal Democratic Party president, started coordination yesterday to appoint Policy Research Council Chairman Hidenao Nakagawa (62) of the Mori faction, to which Abe also belongs, as secretary general. For the two other key party executive posts -- Executive Council chairman and Policy Research Council chairman -- Abe intends to select appropriate persons from factions other than the Mori faction. As candidates for the post of chief cabinet secretary -- a key post in the cabinet -- former Foreign Minister Nobutaka Machimura (61) of the Mori faction and State Minister in Charge of Financial, Economic and Fiscal Policy Kaoru Yosano (68) have been mentioned, according to several aides to Abe.

Nakagawa has been like a guardian for Abe. Nakagawa has supported the Koizumi reform line from the standpoint of the party since assuming his current post in the reshuffle of the cabinet and party officers last October. With an eye on the extraordinary Diet session this fall and the House of Councillors election next summer, Abe appears to have judged Nakagawa, who is well versed in party business and has close ties to New Komeito, as appropriate for the post.

Nakagawa has been elected from the Hiroshima No. 4 district nine times. He served as Science and Technology Agency director general, acting secretary general, chief cabinet secretary, and Diet Affairs Committee chairman. In the LDP, it is conventional practice to select the secretary general from a different faction from the one to which the president belongs. But Abe indicated on Sept. 6 that he would pick someone from the Mori faction for the post of secretary general, remarking: "Given that the nature of factions itself has greatly changed, continuing the practice is becoming meaningless."

It is also a traditional practice to appoint someone from the president's faction for the post of chief cabinet secretary, but if

TOKYO 00005286 006 OF 009

the post of secretary general is awarded to Nakagawa, the focus of attention will be on whether a member of the Mori faction becomes chief cabinet secretary. For this post, besides veteran lawmakers like Machimura and Yosano, some recommend such mid-ranking lawmakers as former Land, Infrastructure and Transport Minister Nobuteru

Ishihara (49), a lawmaker who is close to Abe and belongs to no faction, and Vice Foreign Minister Yasuhisa Shiozaki (55) of the Niha-Koga faction.

9) SDP's Fukushima: Abe cabinet would be "postwar-denying cabinet"

MAINICHI (Page 5) (Full)
September 14, 2006

Social Democratic Party head Mizuho Fukushima made this critical comment at a press conference at the Japan National Press Club yesterday:

"An Abe government would be a postwar-denying cabinet. (In his book), Mr. Abe rejects the postwar period's starting point of not letting Japanese ever again have to die for their country."

Fukushima also took a cautious posture about cooperating with Minshuto (Democratic Party of Japan) in election campaigning, saying, "Without a policy accord, our party would be invisible to the voters."

10) New Komeito's action policy discourages Yasukuni visits by next prime minister, does not mention collective self-defense

YOMIURI (Page 2) (Excerpts)
September 14, 2006

The New Komeito at its executive meeting yesterday decided on the party's draft action policy for the next two years. Criticizing the prime minister's visits to Yasukuni Shrine in connection with relations with China and South Korea, the policy said, "For resolving issues, Japan has no other option but to pursue ceaseless dialogue between top leaders," envisaging that Chief Cabinet Secretary Shinzo Abe will become the next prime minister. The

SIPDIS
policy, however, stopped short of referring to the question of exercising the right of collective self-defense and building a new national war memorial - matters that may result in a conflict with the Liberal Democratic Party. The party plans to officially adopt the action policy at the Sept. 30 party convention.

As achievements by the coalition government with the LDP, the action policy listed the revitalized economy, reform of political funds and collusive ties between politics and the bureaucracy, and the revamped social security system. The policy also listed five future challenges: (1) educational reform; (2) new economic growth; (3) revitalizing local economies; (4) reining in social disparity; and (5) the declining birthrate and the rapidly graying population.

11) LDP, New Komeito draft new coalition agreement not mentioning constitutional revision

SANKEI (Page 2) (Excerpts)
September 14, 2006

An outline of the new agreement on the coalition government of the Liberal Democratic Party and the New Komeito, worked out behind the

TOKYO 00005286 007 OF 009

scenes by the two parties assuming an Abe cabinet, was revealed yesterday. The two parties have reached an agreement to follow the past coalition agreement and document only pressing priorities for the new administration. Although Chief Cabinet Secretary Shinzo Abe is expected to be elected the new LDP president in the Sept. 20 poll, chances are that the final coalition agreement will stop short of mentioning constitutional revision and a review of the right of collective self-defense - matters on which Abe placed high priority in his policy platform.

According to the outline, the agreement will cover four policy areas: educational reform, correcting social disparities, Asia diplomacy, and social security. In particular, educational reform -- Abe's top priority -- is defined as a core element of the coalition agreement.

At the same time, the agreement is likely to specify such steps as bridging the gap between large cities and rural areas, building a social system that allows second chances for those who have failed, and reforming the civil service system as means to correct social disparities.

With Lower House by-elections in October, next year's unified local election, and the Upper House election approaching, the two parties have begun consultations centering on policymaking officials before seeing the results of the LDP presidential election.

12) Ozawa: Constitutional revision not possible for time being

SANKEI (Page 2) (Full)
September 14, 2006

In an interview with the Sankei Shimbun yesterday, Minshuto (Democratic Party of Japan) President Ichiro Ozawa expressed a positive view about amending the Constitution, including Article 9, saying:

"The parts that need to be revised can be. . . . Lawmakers need to educate the public, but they cannot conduct politics that the public is uninterested in. A list of priorities must be decided upon based on the situation at the time, but I don't think it's possible (to revise the Constitution) for the time being."

Ozawa also said of the right of collective self-defense:

"As is stipulated in the UN Charter, Japan has the right, but the ability to exercise it is restricted under Article 9. Japan is not allowed to use force unless it is directly attacked. . . . If it involves UN peacekeeping operations, then the Self-Defense Forces can be dispatched (overseas)."

He also indicated that even if the ruling coalition were forced into the minority in next year's Upper House election, Minshuto would not be able to wrest power from the ruling coalition until after the next Lower House election. Selecting a new lineup of party executives to win elections is his top priority, according to Ozawa.

13) Candidate Abe intends to submit "second chance promotion bill" to ordinary Diet session as part of efforts to lead measures for employment and starting businesses

TOKYO 00005286 008 OF 009

TOKYO SHIMBUN (Top play) (Full)
September 14, 2006

Chief Cabinet Secretary Shinzo Abe, one of the three candidates for the Liberal Democratic Party (LDP) presidency, yesterday made up his mind that once he is elected as president and assumes the post of prime minister, he would submit to the next ordinary session of the Diet a bill for promotion of second chances, aimed at helping jobless people, freelance part-timers (freeters), the baby boomers to find jobs or start businesses.

After establishing his administration, Abe intends to come up with the philosophy of second chance promotion measures and basic guidelines for them in order to put them into practice continuously. He also intends to specify a timetable for those measures in a law on second chance promotion, as well as to systematize relevant specific steps to be taken.

This past March, Abe launched a second chance promotion council to be chaired by himself. In May, the council came up with an interim report dealing with specific measures to rectify social disparities, such as helping jobless people to find jobs and improving treatment toward nonregular workers. A portion of the report is likely to be reflected in the compilation of budget for fiscal 2007.

The council is a hodgepodge of officials from various ministries and agencies, so bureaucratic bickering over leadership could occur in

the weeks ahead. There is also concern that if each ministry or agency stretches the meaning of the second chance promotion measures and appropriate their own budgets for them, the result would go against the trend of cutting expenditures.

Given those possibilities, Abe has judged it necessary to enact a law in order to aggressively promote the measures, while placing coordination of views with ministries and agencies under the leadership of the Prime Minister's Official Residence.

As for a set of measures for rectifying social disparities that requires amendment to the existing law, Abe intends to improve the legislation. He will consider submitting a social disparity correction bill and a second chance promotion bill as a package.

14) MIC to adopt IT-related work-at-home system for first time as government agency; Staffers raising children eligible for using new system

YOMIURI (Page 2) (Excerpts)
September 14, 2006

The Ministry of Internal Affairs and Communications (MIC) yesterday revealed a plan to introduce a teleworking system starting on Sept. 15. This system is more common among private companies. Some central government agencies and local government have introduced this system on a trial basis. However, MIC is the first government agency that will adopt it on a full scale. The government aims to increase the ratio of telecommuters to 20 percent of the working population by 2010. MIC, which is in charge of promoting the system, wants to encourage other agencies, which are lagging behind the private sector, to adopt it, by spearheading the dissemination effort.

Telework system users will be connected to MIC's LAN system through their personal computers at home using broadband access service, and

TOKYO 00005286 009 OF 009

perform office work, such as clerical work.

Information and messages to be exchanged will be encrypted for safety. PCs to be used for this will be a special model business use PC. Its main unit cannot store data, as such it is impossible for home-based workers to save intra-ministry information and sneak it out.

SCHIEFFER